

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	3 MONTHS ENDED		YEAR ENDED	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
		RM'000	RM'000	RM'000	RM'000
					(Audited)
Revenue		152,585	144,146	620,264	581,269
Cost of sales		(118,697)	(112,055)	(484,426)	(452,943)
Gross profit		33,888	32,091	135,838	128,326
Other income		1,525	2,165	7,058	6,215
Selling & marketing expenses		(15,069)	(14,289)	(66,451)	(63,627)
Administrative expenses		(5,868)	(5,548)	(23,341)	(21,750)
Other expenses		(1,038)	(1,406)	(2,424)	(2,641)
Finance cost		-	-	(1)	(20)
Share of results of an associate		2,942	(2,934)	5,368	(209)
Profit before tax	A7	16,380	10,079	56,047	46,294
Income tax expense	B6	(3,581)	(3,313)	(11,559)	(11,306)
Net profit for the period		12,799	6,766	44,488	34,988
Other comprehensive income:					
Exchange differences on translation of foreign operations, net of tax		(35)	4,289	(141)	2,090
Total comprehensive income for the period		12,764	11,055	44,347	37,078
Net profit attributable to:					
Owners of the parent		12,801	6,757	44,459	34,955
Non-controlling interest		(2)	9	29	33
Net profit for the period		12,799	6,766	44,488	34,988
Total comprehensive income attributable to:					
Owners of the parent		12,766	11,046	44,318	37,045
Non-controlling interest		(2)	9	29	33
Total comprehensive income for the period		12,764	11,055	44,347	37,078
Earnings per share attributable to owners of the parent:					
- Basic	B11	10.93	5.77	37.95	29.84
- Diluted	B11	10.91	5.77	37.90	29.83

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

	Note	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000 <i>(Audited)</i>
ASSETS			
Non-Current Assets			
Property, plant and equipment	A12	124,974	100,841
Investment properties		10,049	7,383
Intangible assets		1,970	2,022
Investment in an associate		10,474	5,106
Deferred tax assets		212	4
Receivables		10,000	10,000
Long term investment		5,520	5,520
		<u>163,199</u>	<u>130,876</u>
Current Assets			
Inventories		69,018	65,778
Receivables		139,323	138,827
Prepayments		4,148	568
Tax recoverable		295	223
Derivative financial instruments	A15 & B12	17	101
Deposits, bank and cash balances		80,903	82,035
		<u>293,704</u>	<u>287,532</u>
TOTAL ASSETS		<u>456,903</u>	<u>418,408</u>
EQUITY AND LIABILITIES			
Current Liabilities			
Borrowings	B8	7	13
Derivative financial instruments	A15 & B12	128	-
Payables		106,545	99,878
Current tax payable		3,505	1,927
		<u>110,185</u>	<u>101,818</u>
Non-Current Liabilities			
Borrowings	B8	-	12
Deferred tax liabilities		3,063	4,191
		<u>3,063</u>	<u>4,203</u>
TOTAL LIABILITIES		<u>113,248</u>	<u>106,021</u>
NET ASSETS		<u>343,655</u>	<u>312,387</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		117,146	117,146
Reserves		13,656	13,384
Retained earnings		212,432	181,441
		<u>343,234</u>	<u>311,971</u>
Non-controlling interest		421	416
TOTAL EQUITY		<u>343,655</u>	<u>312,387</u>
		RM	RM
Net Assets per share attributable to owners of the parent		<u>2.93</u>	<u>2.66</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Note	← Non-Distributable →		Distributable		Equity attributable to owners of the parent, total	Non-controlling Interest	Total Equity
	Share Capital	Foreign currency translation reserve	Share option reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
YEAR ENDED 31 DECEMBER 2017							
Balance at 1 January 2017	117,146	13,288	96	181,441	311,971	416	312,387
Total comprehensive income	-	(141)	-	44,459	44,318	29	44,347
Share options granted	-	-	417	-	417	-	417
Share options lapsed	-	-	(4)	4	-	-	-
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(13,472)	(13,472)	-	(13,472)
Total transaction with owners		-	-	(13,472)	(13,472)	-	(13,472)
Dividend by a subsidiary to non-controlling interest		-	-	-	-	(24)	(24)
Balance as at 31 December 2017	117,146	13,147	509	212,432	343,234	421	343,655
YEAR ENDED 31 DECEMBER 2016							
Balance at 1 January 2016	117,146	11,198	-	159,958	288,302	383	288,685
Total comprehensive income	-	2,090	-	34,955	37,045	33	37,078
Share options granted	-	-	96	-	96	-	96
Transaction with owners							
Dividends on ordinary shares	A8	-	-	(13,472)	(13,472)	-	(13,472)
Total transaction with owners		-	-	(13,472)	(13,472)	-	(13,472)
Balance as at 31 December 2016	117,146	13,288	96	181,441	311,971	416	312,387

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2017

	YEAR ENDED	
	31/12/2017	31/12/2016
	RM'000	RM'000
Operating activities		(Audited)
Profit before tax	56,047	46,294
Adjustments for:		
Depreciation and amortisation	9,510	9,079
Net profit on disposal of property, plant and equipment	(442)	(191)
Property, plant and equipment written off	330	735
Share of results of an associate	(5,368)	209
Fair value changes of derivative financial instruments	212	(48)
Share options granted	417	96
Inventories written off and written down	130	860
Impairment loss on trade receivables net of reversals	262	122
Bad debts written off	-	4
Interest expense	1	20
Interest income	(2,464)	(1,872)
Unrealised foreign exchange gain	-	(399)
Operating cash flows before changes in working capital	58,635	54,909
Inventories	(3,371)	(5,772)
Receivables	(4,338)	(8,674)
Payables	6,667	4,766
Cash generated from operations	57,593	45,229
Tax paid	(11,389)	(11,433)
Net cash flows generated from operating activities	46,204	33,796
Investing activities		
Purchase of property, plant and equipment & intangible assets	(37,073)	(10,651)
Proceeds from disposal of property, plant and equipment	788	244
Withdrawal from short term deposit	4,228	2,313
Interest received	2,464	1,872
Net cash flows used in investing activities	(29,593)	(6,222)
Financing activities		
Finance lease repaid	(18)	(12)
Dividends paid	(13,472)	(13,472)
Dividends paid to non-controlling interest	(24)	-
Other financing activities paid	(1)	(20)
Net cash flows used in financing activities	(13,515)	(13,504)
Net increase in cash and cash equivalents	3,096	14,070
Cash and cash equivalents at 1 January	71,812	56,817
Effect of exchange rate changes on cash and cash equivalents	-	925
Cash and cash equivalents at the end of the financial period	74,908	71,812

Included in the deposits, bank and cash balances is RM 5,995,000 (31 December 2016 : RM 10,223,000) placed with money market fund held for investment purposes and does not form part of cash and cash equivalents.

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying explanatory notes attached to the Interim Financial Statements.

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

(THE FIGURES HAVE NOT BEEN AUDITED)

A NOTES PURSUANT TO MFRS 134 FOR THE YEAR ENDED 31 DECEMBER 2017

A1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the year ended 31 December 2017 have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These unaudited condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. It should be read in conjunction with the Group's most recent audited financial statements for the year ended 31 December 2016.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for the certain financial assets and liabilities classified as financial assets and liabilities at fair value through profit or loss and financial assets designated as available for sale.

A2 Significant accounting policies

The significant accounting policies adopted in preparing these unaudited condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2016 except for the adoption of the following standards, wherever applicable to the Group and Company:

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2014 - 2016 Cycle	1 January 2017
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017

The initial application of the abovementioned standards and amendments did not have any material impacts to the current and prior periods financial statements upon their first adoption.

A3 Seasonality or cyclicity of interim operations

The Group's interim operations are not affected materially by any seasonal or cyclical factors.

A4 Unusual items

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows for the year ended 31 December 2017.

A5 Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial year.

There were no changes in estimates of amounts reported in the prior interim periods of the current financial year or prior financial year.

A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the year ended 31 December 2017.

A7 Profit before tax

Included in profit before tax are the following items:

	3 MONTHS ENDED		YEAR ENDED	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Interest income	580	684	2,464	1,872
Other income including investment income	647	731	2,967	2,653
Interest expense	-	-	(1)	(20)
Depreciation and amortisation	(2,258)	(2,337)	(9,510)	(9,079)
Impairment loss on trade receivables net of reversals	(155)	(31)	(262)	(122)
Bad debts written off	-	(4)	-	(4)
Written off and written down of inventories	31	(519)	(130)	(860)
Net profit on disposal of property, plant and equipment	-	-	442	191
Property, plant and equipment written off	(310)	(733)	(330)	(735)
Impairment of investment in an associate	-	(4,164)	-	(4,164)
Fair value (loss)/gain of derivative financial instruments	(104)	25	(212)	48
Foreign exchange (loss)/gain	(113)	707	(6)	756

A NOTES PURSUANT TO MFRS 134 FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

A8 Dividends paid and declared

The amount of dividends paid/payable during the current and previous years are as follows:

	31/12/2017 RM'000	31/12/2016 RM'000
<u>In respect of the financial year ended 31 December</u>		
2017: Interim single-tier dividend of 5.5 sen per share paid on 29-Sep-17	6,443	-
2016: Final dividend comprising 6.0 sen single tier per share paid on 16-June-17	7,029	-
2016: Interim single-tier dividend of 5.5 sen per share paid on 30-Sep-16	-	6,443
2015: Final dividend comprising 6.0 sen single tier per share paid on 17-June-16	-	7,029
	<u>13,472</u>	<u>13,472</u>

A9 Segment Information

The Group is organised into three main business units based on their activities, and has three reportable operating segments as follows:

- (i) Manufacturing and marketing of pharmaceutical products;
- (ii) Wholesale and distribution of pharmaceutical and healthcare products; and
- (iii) Corporate comprising investments in retail pharmacy business and properties and the provision of management services.

OPERATING SEGMENTS	Manufacturing and Marketing	Wholesale and Distribution	Corporate	Adjustments and eliminations	GROUP
	RM'000	RM'000	RM'000	RM'000	RM'000
YEAR ENDED 31/12/2017					
External Revenue	30,502	580,226	9,536		620,264
Inter-segment revenue	100,145	758	33,843	(134,746)	-
Total Revenue	<u>130,647</u>	<u>580,984</u>	<u>43,379</u>	<u>(134,746)</u>	<u>620,264</u>
Segment Results	36,741	19,108	2,222	(2,023)	56,048
Finance costs					(1)
Profit before tax					<u>56,047</u>
YEAR ENDED 31/12/2016					
External Revenue	25,447	547,149	8,673	-	581,269
Inter-segment revenue	86,219	703	35,432	(122,354)	-
Total Revenue	<u>111,666</u>	<u>547,852</u>	<u>44,105</u>	<u>(122,354)</u>	<u>581,269</u>
Segment Results	31,670	19,061	(2,296)	(2,121)	46,314
Finance costs					(20)
Profit before tax					<u>46,294</u>
Segment assets					
31-Dec-2017	134,100	277,794	48,645	(3,636)	<u>456,903</u>
31-Dec-2016	109,796	268,474	48,461	(8,323)	<u>418,408</u>
Segment liabilities					
31-Dec-2017	(22,322)	(80,052)	(4,366)	(6,508)	<u>(113,248)</u>
31-Dec-2016	(12,052)	(84,306)	(3,545)	(6,118)	<u>(106,021)</u>

A10 Significant Events After the Reporting Date

There were no significant events that had arisen subsequent to the end of this current year.

A11 Changes in Group Composition

The Group did not undertake any business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinuation of operations during the current year ended 31 December 2017.



APEX HEALTHCARE BERHAD (473108-T)
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
(THE FIGURES HAVE NOT BEEN AUDITED)**

A NOTES PURSUANT TO MFRS 134 FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

A12 Property, plant and equipment

During the current quarter ended 31 December 2017, prepaid capital expenditure and assets acquired by the Group was RM 12.2 million (31 December 2016: RM 2.8 million).

There were no disposal of assets by the Group during the current quarter ended 31 December 2017 and corresponding quarter ended 31 December 2016.

During the current quarter ended 31 December 2017, assets with carrying amount of RM310,000 were written off due to demolition and upgrading of waste water treatment plant and the closure of a retail pharmacy outlet at Komtar Mall, Johor Bahru. In 2016, RM 735,000 were written off due to the demolition of a carpark as part of site clearance for the construction of SPP NOVO by wholly owned subsidiary Xepa-Soul Pattinson (M) Sdn Bhd at Cheng, Melaka.

A13 Capital Commitments

Capital commitments of property, plant and equipment not provided for in the financial statements as at 31 December 2017 are as follows:

	RM'000
Authorised capital expenditure approved and contracted for	54,840
Authorised capital expenditure approved but not contracted for	17,333
	<u>72,173</u>

A14 Related Party Transactions

The Group does not have any significant transactions with related parties during the year ended 31 December 2017 in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2016.

A15 Fair value hierarchy

The Group uses the following level of fair value hierarchy for determining the fair value of its financial instruments carried at fair value.

	31/12/2017	31/12/2016
	RM'000	RM'000
Financial (liabilities)/assets:		
	<u>(Level 2)</u>	
Derivatives - Forward currency contracts	<u>(111)</u>	<u>101</u>

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between the fair value hierarchy during the financial year ended 2017 and 2016.

A16 Changes in Contingent liabilities or Contingent assets.

There were no contingent liabilities or contingent assets of the Group since the end of the last annual reporting date.

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

B1 Detailed Performance Analysis of Operating Segments of the Group

	Individual Period		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/12/2017	31/12/2016		31/12/2017	31/12/2016	
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	152,585	144,146	5.9%	620,264	581,269	6.7%
Operating Profit	13,438	13,013	3.3%	50,680	46,523	8.9%
Profit Before Interest and Tax	16,380	10,079	62.5%	56,048	46,314	21.0%
Profit Before Tax	16,380	10,079	62.5%	56,047	46,294	21.1%
Profit After Tax	12,799	6,766	89.2%	44,488	34,988	27.2%
Profit Attributable to Ordinary Equity Holders of the Parent	12,801	6,757	89.4%	44,459	34,955	27.2%

Review of Current Quarter Performance versus Corresponding Quarter Last Year

The Group concluded 2017 with fourth quarter revenue of RM 152.6 million, a growth of 6% over RM 144.1 million achieved in the same period in 2016. Key business units performed well, with good growth in pharmaceutical sales to both private and government sectors. Overall, reported quarterly revenues have been consistent throughout 2017 with no material quarterly variance. Other income is lower at RM 1.5 million (Q4 2016: RM 2.2 million) due to lower fixed deposit income. Expenses are in line with budget.

Profit before tax at RM 16.4 million for the final quarter is 62% higher than the RM 10.1 million achieved for the same quarter in the previous year. The increase is due mainly to the recognition of RM 2.9 million as share of results from associate in the current quarter (Q4 2016 was a share of loss amounting to RM 2.9 million), attributed to higher sales and a greater proportion of high margin products in the associates' revenue mix. Moreover, as previously disclosed, profit before tax in the last quarter of 2016 was depressed by non-recurring charges amounting to RM 4.9 million comprising the write off of the residual value of an existing carpark demolished as part of site clearance for SPP NOVO and the impairment of the Group's investment in associate.

Review of Year To Date Performance versus Corresponding Period Last Year

For 2017, the Group achieved record revenue of RM 620.3 million, a growth of 6.7% when compared to the RM 581.3 million in 2016, marking the 17th consecutive year of revenue growth. Consistent revenue growth was achieved across key business units, with improved contributions from pharmaceutical sales to the Government sector and contract manufacturing services. Revenue from sales of Group branded pharmaceuticals to the private sector also grew well, helped by scheduled new product launches. Gross profit improved by 5.9% to RM 135.8 million in tandem with revenue growth, compared to RM 128.3 million for 2016. Group operating expenses are within budget and in line with expectations.

Profit before tax for the full year is RM 56.0 million, 21% higher than the RM 46.3 million achieved in 2016, attributed mainly to increased contributions from wholly owned subsidiary Xepa-Soul Pattinson (M) Sdn Bhd and associate company Straits Apex Sdn Bhd. Share of results from associated company rose to RM 5.4 million in 2017, significantly better than the loss of RM 0.2 million recorded in 2016, which was affected by a non-recurring impairment of the Group's investment in associate. Recognition of improved share of results from Straits Apex Sdn Bhd contributed to the rise in Group profit after tax to RM 44.5 million, 27% better than the RM 34.9 million recorded for the same period in 2016.

B2 Material changes in the profit before tax for the quarter

	Current Quarter	Immediate Preceding Quarter	Changes	
	31/12/2017	30/9/2017	RM'000	(%)
	RM'000	RM'000	RM'000	(%)
Revenue	152,585	157,730	(5,145)	-3.3%
Operating Profit	13,438	12,582	856	6.8%
Profit Before Interest and Tax	16,380	13,302	3,078	23.1%
Profit Before Tax	16,380	13,302	3,078	23.1%
Profit After Tax	12,799	11,290	1,509	13.4%
Profit Attributable to Ordinary Equity Holders of the Parent	12,801	11,270	1,531	13.6%

Profit before tax for the current quarter is RM 16.4 million, an increase of 23.1% over the RM 13.3 million reported for the third quarter of 2017. This is due mainly to the recognition of RM 2.9 million as share of earnings from associate in the current quarter (RM 0.7 million in the preceding quarter), attributed to higher sales and a greater proportion of high margin products in the associate's revenue mix.

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)

B3 Commentary

a Prospects

The prospects for the manufacturing, marketing and distribution of pharmaceuticals and consumer healthcare products remain positive in the markets we operate. Operationally, effort is consistently directed at deepening research and development programs, widening the portfolio of new Group Brand products, penetration of new international markets, growing market share in existing markets and improving production efficiency.

European Union Good Manufacturing Practice certification, as well as the expected completion of a new Oral Solid Dosage plant ('SPP NOVO') in 2018 for the Group's pharmaceutical manufacturing operations opens future growth opportunities. The initiatives of the Group's associate company engaged in the contract manufacturing of orthopaedic devices to broaden its customer base, increase capacity utilization and improve production efficiency continues to gain traction.

The overall economic outlook remains fair, and the Board is confident that barring unforeseen circumstances, the Group's consistent performance in 2017 and its continued focus on fundamentals will enable it to return another satisfactory performance in 2018.

b Progress to achieve forecast revenue or profit estimate

Not applicable.

B4 Statement by the Board of Directors' opinion on the achievability of forecast revenue or profit estimate

Not applicable.

B5 Profit Forecast /Profit Guarantee

Not applicable.

B6 Income Tax Expense

	3 MONTHS ENDED		YEAR ENDED	
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
In respect of current period:				
Income tax	3,761	3,317	12,596	11,153
Deferred tax	(442)	(72)	(1,336)	(360)
Foreign tax	279	284	865	721
	<u>3,598</u>	<u>3,529</u>	<u>12,125</u>	<u>11,514</u>
In respect of prior period:				
Income tax	-	(61)	(549)	(33)
Deferred tax	-	(52)	-	(52)
Foreign tax	(17)	(103)	(17)	(123)
	<u>3,581</u>	<u>3,313</u>	<u>11,559</u>	<u>11,306</u>

The effective tax rate for the current quarter and cumulative period was lower than the statutory tax rate due to the net-of-tax profits contributed by the Group's associated company.

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)

B7 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 15 February 2018.

B8 Group Borrowings and Debt Securities

	As at 31/12/2017					
	Long Term		Short Term		Total Borrowings	
	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured Finance lease	-	-	2	-	2	-

	As at 31/12/2016					
	Long Term		Short Term		Total Borrowings	
	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination	Foreign Denomination ^	RM Denomination
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured Finance lease	4	-	4	-	8	-

^ The finance lease is denominated in SGD at exchange rate of SGD 1: RM 3.10 (31 December 2016: SGD 1: RM 3.10), equivalent to RM 7,000 (31 December 2016: RM 25,000). There is no hedging for this SGD denominated finance lease, it is a hire purchase used for the operations of a subsidiary in Singapore.

The Group does not have any current or non-current debt securities denominated in Ringgit Malaysia or foreign currency as at 31 December 2017.

B9 Material Litigation

There is no pending material litigation at the date of this report.

B10 Dividend Payable

- The Board of Directors is recommending a final single-tier dividend of 6.5 sen per share in respect of the financial year ended 31 December 2017 for shareholders' approval at the forthcoming Annual General Meeting. (Year 2016: Final single-tier dividend of 6.0 sen per share.)
- The total single-tier dividends declared and paid to-date in the current financial year is 11.5 sen per share. (Year 2016: Total single-tier dividends of 11.5 sen per share.)
- Subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company, the final dividend will be paid on 14 June 2018 and the entitlement date for the payment is 1 June 2018.

B NOTES PURSUANT TO BURSA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A (continued)

B11 Earnings per share

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

		3 MONTHS ENDED		YEAR ENDED	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
Basic Earnings per share					
Profit after tax	RM'000	12,801	6,757	44,459	34,955
Weighted average number of ordinary shares in issue	'000	117,146	117,146	117,146	117,146
Basic earnings per share	sen	10.93	5.77	37.95	29.84
Diluted Earnings per share					
Profit after tax	RM'000	12,801	6,757	44,459	34,955
Weighted average number of ordinary shares in issue	'000	117,146	117,146	117,146	117,146
Effect of dilution-Share options	'000	157	47	157	47
Adjusted weighted average number of ordinary shares in issue	'000	117,303	117,193	117,303	117,193
Diluted earnings per share	sen	10.91	5.77	37.90	29.83

B12 Derivative Financial Instruments

The Group is exposed to foreign currency exchange risk as a result of foreign currency transactions entered into in currencies other than their functional currencies by the subsidiary companies. These companies enter into short-term forward foreign exchange contracts to manage their exposure to fluctuations in foreign currency exchange rates on specific transactions arising from trade receivables, payables and capital expenditure.

Type of Derivatives	Contract /Notional Value	Fair Value
	31/12/2017 RM'000	31/12/2017 RM'000
i) Forward Foreign Currency Contract entered into for the export sales to Singapore - Less than 1 year	6,122	5,994
ii) Forward Foreign Currency Contract entered into for the purchase of goods from foreign contract manufacturers or suppliers - Less than 1 year	(1,232)	(1,214)
	4,890	4,780

No derivative was entered into by the Company which has not been disclosed in the preceding financial year or any quarters in the current financial year. Since the end of the previous financial year or any quarters in the current financial year, there is a no change in any of the information disclosed in respect of the following:

- a The credit risk, market risk and liquidity risks associated with the derivatives;
- b The policies in place for mitigating or controlling the risks associated with these derivatives;
- c The related accounting policies.

The net cash requirements relating to these contracts was RM 4,890,000.

B13 Fair Value Changes of Financial Liabilities

As at 31 December 2017, the Group does not have any significant financial liabilities measured at fair value through profit or loss other than the disclosure in note A15.

B14 Auditors' report on preceding annual financial statements

The Auditors' report on the Group's financial statements for the year ended 31 December 2016 was not qualified.

Authorisation for issue

The interim financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 22 February 2018.